

STATEMENT OF PURPOSE

RS27639 / H0442

This legislation adds aircraft that are used for the primary purpose of agricultural spraying, seeding, and conservation to the list of commercial aircraft currently exempt from sales tax under Idaho Code. This legislation DOES NOT remove "aircraft" from the list of non-exempt equipment under Title 63, Chapter 36 Idaho Code, commonly known as the Production Exemption. Agricultural equipment used for the ground application of chemicals is exempt under Idaho's Production Exemption. Because the Production Exemption specifically excludes aircraft, aerial applicators do not qualify for the same tax exemption granted to ground equipment. This legislation leaves the current language in the Production Exemption in place and addresses the inequality in the tax code for agricultural equipment through this section of Idaho Code.

FISCAL NOTE

The Tax Commission is not able to breakout sales tax revenue associated specifically with agricultural aviation equipment. In December of 2019, the Idaho Agricultural Aviation Association did a survey of its members to estimate the total sales for equipment and parts. Based on member responses, we estimate approximately \$100,000 to \$125,000 in sales taxes paid to the Tax Commission for equipment and parts associated with agricultural aviation.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).